



COUNTY OF MILWAUKEE
INTEROFFICE COMMUNICATION

Office of the Comptroller
Scott B. Manske, Comptroller

DATE : August 16, 2019
TO : Supervisor Theodore Lipscomb, Sr., Chairman, County Board of Supervisors
FROM : Scott B. Manske, Comptroller/Chair of ERP Executive Steering Committee
SUBJECT : Request for the Reallocation of IMSD Staff Costs and Backfill Staff Charges to the Newly Created Non-Departmental Organizational Unit - ERP Project Internal Charges

REQUEST

To assist with the efficient monitoring of the implementation and fiscal monitoring of Capital Project WO602 – Enterprise Platform Modernization (ERP Project), the Office of the Comptroller and the Executive Steering Committee are requesting that the County Board of Supervisors direct the Office of the Comptroller and the Department of Administrative Services – Performance, Strategy and Budget to create non-departmental operating budget 1936 – ERP Project Internal Charges to record charges for temporary staff who will be backfilling positions for staff who are working on the implementation of the new enterprise system and 2019 charges for the 5 IMSD positions created for managing the system. In addition, DAS-PSB and the Office of the Comptroller are requesting authorization and direction to administratively transfer funds based on actual expenses for backfill staff to the newly created non-departmental. Financing will be provided from existing funds within the ERP Project.

BACKGROUND

Milwaukee County is in the process of implementing and installing a new enterprise system for procurement, payroll, financial and other services. The County has appropriated \$21.7 million from 2013 to 2019 to the ERP Project. The majority of the appropriations were approved in the years 2017-2019. Financing was provided by \$9,541,560 in cash and \$12,139,784 in general obligation bonds or notes.

In June of 2019, Resolution 19-500 authorized \$1.5 million in cash transferred from the debt service reserve, which was offset by a reduction in bonding authority of \$1.5 million. Subsequent to the transfer, the revised financing for the ERP Project is \$11,041,560 in cash and \$10,639,784 in general obligation bonds or notes.

In July of 2019, Resolution 19-613 authorized an increase to the agreements with Infor, Inc. for an amount of \$650,000 for the implementation and licensing of software and hardware to replace the County's current legacy Financial and Human Resource systems as part of the ERP Project. Existing appropriations are being used for the \$650,000 change to the contract with Infor, Inc.

The Office of the Comptroller is continuing to work with the project management team to monitor the financial status of the project. If the analysis determines that additional funds are required, a request will be made to the County Executive and the County Board. This September 2019 request does not increase overall expenditure authority and is independent of the analysis that may determine that future funds are required.

Functional Backfills

The implementation of the ERP Project involves the significant time commitment of various finance and human resource departmental staff. Temporary staff are being used, as needed, to backfill some finance and human resource functions. The budget for the backfills within the ERP Project was \$900,000. A portion of the backfill budget has been allocated for a HR Consultant (\$16,720) and for the newly created 1½ Assistant Accounting Treasury positions (\$49,532).¹ There is \$833,748 in available backfill funds remaining.

Description	Amount
Functional Process Owners (Backfill)	\$900,000
HR Consultant	(\$16,720)
Treasurer Accounts Receivable	(\$49,532)
Remaining Backfill Funds	\$833,748

In addition to the two items above, the backfill expenses for 2019 are currently estimated to be \$236,995. Only backfill expenses for departments with deficits will be included in the ERP Project Internal Charges operating budget. Backfill expenses for departments with surpluses will be absorbed within the department's operating budget.

DAS-IMSD Positions

In 2018, the County Board of Supervisors approved Resolution File No. 18-648 that provided for the hiring of five new IMSD positions to assist with implementing, monitoring and managing the new enterprise system. The hiring was effective September 24, 2018 and contingent upon the written confirmation from the Office of the Comptroller that sufficient funds are available within the ERP Project or that the Director, Department of Administrative Services - Performance, Strategy, and Budget provide written confirmation that a funding source in the IMSD-DAS operating budget has been identified.

The Office of the Comptroller has determined that due to the uniqueness of the ERP Project and since these positions are dedicated to the ERP Project that their expenses could be charged to the project. In general, the Office of the Comptroller does not recommend charging out time to capital projects since projects are generally short term in nature and positions will eventually need to be funded by operating budgets. In addition, many projects are financed with debt, which results in staff costs being more expensive since salary and fringe costs would also include interest expenses. An estimated amount of \$598,416 is needed for expenses related to these positions. The five filled positions are listed below.

¹ In April 2019, Resolution File No. 19-259 was approved as follows: the Department of Administrative Services, in conjunction with the Office of the Comptroller, is authorized and directed to process Office of the Treasurer may request a fund transfer in the 4th quarter of 2019 to transfer \$49,532 in cash from Capital Improvement Project WO60201-Enterprise Platform Modernization to the appropriate if enough funds are not available within the personal services accounts in Org. Unit 3090 – Office of the County Treasurer series to fund the newly created positions.

Position	Amount
FTE 1 - Data Architect	\$129,688
FTE 2 - Business Intelligence Analyst	\$92,726
FTE 3 - Applications Technical Architect	\$135,637
FTE 4 - IT Applications Systems Analyst III	\$120,182
FTE 5 - IT Applications Systems Analyst III	\$120,182
Total	\$598,416

To assist with the efficient monitoring of the project, the Office of the Comptroller and the Executive Steering Committee is requesting the reallocation, through an appropriation transfer, of funds from the ERP Project. The remaining backfill funds and the funds available for the DAS-IMSD positions would be reallocated to a newly created non-departmental operating budget, Org 1936 - ERP Project Internal Charges in an amount not to exceed \$1,432,164. With the approval of the administrative appropriation transfer, the five IMSD positions will be financed through the ERP Internal Charges Org Unit 1936 in 2019 and will be financed in the IMSD operating budget for 2020 and future years. The appropriation transfer will only be done to the extent necessary to offset deficits associated with backfills or the five positions.

To the extent that there are backfill funds remaining in the project after 2019, funds may be utilized to finance backfill expenses in 2020.

RECOMMENDATION

The Office of the Comptroller is requesting that the County Board of Supervisors authorize and direct the Office of the Comptroller and the Department of Administrative Services – Performance, Strategy and Budget to process an administrative appropriation transfer, in an amount not to exceed \$1,432,164, that would create the non-departmental operating budget, Org 1936 – ERP Project Internal Charges to record charges for temporary staff backfilling positions for staff who are working on the implementation of the ERP Project and 2019 charges for the five new IMSD positions created for managing the system. Additional administrative transfers will be processed so long as they are within the not-to-exceed amount of \$1,432,164. Financing will be provided from existing funds within the ERP Project.



Scott B. Manske
Comptroller/ESC Chairman

Cc: Chris Abele, County Executive
Luigi Schmitt, Chairman, Committee on Finance and Audit
Supervisor Willie Johnson, Jr., Vice-Chairman, Committee on Finance and Audit
Raisa Koltun, Chief of Staff, County Executive's Office
Kelly Bablitch, Chief of Staff, County Board
Joe Lamers, Director, Office of Performance, Strategy and Budget
Genaro Baez, Director, Human Resources
Vince Masterson, Office of Performance, Strategy and Budget
Laurie Panella, CIO, DAS-IMSD
Lacey Oldenburg, Director PMO, DAS-IMSD
LaCricia McSwain, Financial Manager, DAS-CBO
Michelle Nate, Deputy Comptroller, Office of the Comptroller
Pamela Bryant, Office of the Comptroller
Justin Rodriguez, Office of the Comptroller
Stephen Cady, Office of the Comptroller